

SENATE BILL No. 492

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-3-22-19; IC 5-10.2; IC 5-10.3; IC 5-10.5-4-4; IC 21-38.

Synopsis: Various pension matters. Provides that an individual who is a first time full-time employee of the state or a participating political subdivision after June 30, 2015, becomes a member of the public employees' defined contribution plan unless the individual makes an explicit election to become a member of the public employees' retirement fund (PERF). (This reverses the presumption under current law.) Provides that a political subdivision may participate in the public employees' defined contribution plan. Provides that an employer that is eligible but not required to participate in PERF must pay the employer's share of the unfunded liability attributable to the employer's current and former employees if the employer withdraws from PERF or otherwise reduces the employer's participation in PERF by attrition. Provides that after December 31, 2015, members and beneficiaries of any public pension fund administered by the Indiana public retirement system may receive monthly benefits only by direct deposit or another method approved by the board of trustees of the Indiana public retirement system. Provides that an entity that is eligible but not required to participate in PERF and that wishes to offer a retirement plan to an employee must participate in either PERF or the public employees' defined contribution plan. Requires the office of management and budget to report to the interim study committee on pension management oversight each year concerning information received from political subdivisions about the subdivisions' retirement plans. Expires a section concerning methods of paying monthly benefits to members and beneficiaries of PERF and the teachers' retirement fund.

Effective: Upon passage; July 1, 2015.

Boots

January 14, 2015, read first time and referred to Committee on Pensions & Labor.



First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 492

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-3-22-19 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 3 UPON PASSAGE]: **Sec. 19. The OMB shall, not later than October**
- 4 **1 each year, submit to the interim study committee on pension**
- 5 **management oversight a written report that summarizes and**
- 6 **analyzes the retirement plan information received for the**
- 7 **immediately preceding state fiscal year under IC 5-11-20. The**
- 8 **report must be in an electronic format under IC 5-14-6.**
- 9 SECTION 2. IC 5-10.2-1-4.3 IS ADDED TO THE INDIANA
- 10 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 11 [EFFECTIVE UPON PASSAGE]: **Sec. 4.3. As used in this article,**
- 12 **"miscellaneous participating entity" means an entity that**
- 13 **participates in the public employees' retirement fund, except:**
- 14 **(1) the executive (including the administrative), legislative, or**
- 15 **judicial branches of the state; or**
- 16 **(2) a political subdivision (as defined in IC 5-10.3-1-6).**



SECTION 3. IC 5-10.2-2-11, AS AMENDED BY P.L.195-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 11. (a) Based on the actuarial investigation and valuation in section 9 of this chapter, the board shall determine:

- (1) the normal contribution for each contribution rate group, which is the amount necessary to fund the pension portion of the retirement benefit;
- (2) the rate of normal contribution;
- (3) the unfunded accrued liability of the public employees' retirement fund, the pre-1996 account, and the 1996 account, which is the excess of total accrued liability over the fund's or account's total assets, respectively; and
- (4) the period, which must be thirty (30) years or a shorter period, necessary to amortize the unfunded accrued liability determined in subdivision (3).

(b) Based on the information in subsection (a), the board may determine, in its sole discretion, contributions and contribution rates for individual employers or for a group of employers.

(c) The board may require an employer to make a supplemental contribution to the fund in addition to the amounts described in subsection (a)(3) and (a)(4) in an amount necessary to pay the employer's share of the fund's actuarial unfunded liability that other employers would otherwise be required to pay because the employer's employees are becoming members of the plan under IC 5-10.3-12 instead of the fund. The amount necessary to pay an employer's contribution under this subsection in full must be made in a lump sum or in a series of payments determined by the board.

~~(c)~~ (d) The board's determinations under subsection (a):

- (1) are subject to sections 1.5 and 11.5 of this chapter; and
- (2) may not include an amount for a retired member for whom the employer may not make contributions during the member's period of reemployment as provided under IC 5-10.2-4-8(e).

SECTION 4. IC 5-10.2-2-20 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) As used in this section, "withdrawing participating entity" means a miscellaneous participating entity that takes an action described in subsection (b).

(b) Subject to the provisions of this section, a miscellaneous participating entity may do the following:

- (1) Stop its participation in the fund and withdraw all of the miscellaneous participating entity's employees from participation in the fund.



(2) Withdraw a departmental, an occupational, or other definable classification of employees from participation in the fund.

(3) Stop the miscellaneous participating entity's participation in the fund by:

(A) selling all of the miscellaneous participating entity's assets; or

(B) ceasing to exist.

(c) The withdrawal of a miscellaneous participating entity's participation in the fund is effective on a termination date established by the board. The termination date may not occur before all the following have occurred:

(1) The withdrawing participating entity has provided written notice of the following to the board:

(A) The withdrawing participating entity's intent to cease participation.

(B) The names of the withdrawing participating entity's current employees and former employees as of the date on which the notice is provided.

(2) The expiration of:

(A) a ninety (90) day period following the filing of the notice with the board, for a withdrawing participating entity that sells all of the withdrawing participating entity's assets or that ceases to exist; or

(B) a two (2) year period following the filing of the notice with the board, for all other withdrawing participating entities.

(3) The withdrawing participating entity takes all actions required in subsections (d) through (g).

(d) With respect to retired members who have creditable service with the withdrawing participating entity, the withdrawing participating entity must contribute to the fund any additional amounts that the board determines are necessary to provide for reserves with sufficient assets to pay all future benefits from the fund to those retired members. The contribution by the withdrawing participating entity must be made in a lump sum or in a series of payments determined by the board.

(e) A member who is an employee of the miscellaneous participating entity as of the date of the notice under subsection (c) is vested in the pension portion of the member's retirement benefit. The withdrawing participating entity must contribute to the fund the amount the board determines is necessary to fund fully the



1 vested benefit. The contribution by the withdrawing participating
2 entity must be made in a lump sum or in a series of payments
3 determined by the board.

4 (f) A member who is covered by subsection (e) and who is at
5 least sixty-five (65) years of age may elect to retire under
6 IC 5-10.2-4-1 even if the member has fewer than ten (10) years of
7 service. The benefit for the member shall be computed under
8 IC 5-10.2-4-4 using the member's actual years of service.

9 (g) With respect to members of the fund who have creditable
10 service with the withdrawing participating entity and who are not
11 employees as of the date of the notice under subsection (c), the
12 withdrawing participating entity must contribute the amount that
13 the board determines is necessary to fund fully the service for those
14 members that is attributable to service with the withdrawing
15 participating entity. The contribution by the withdrawing
16 participating entity must be made in a lump sum or in a series of
17 payments determined by the board.

18 SECTION 5. IC 5-10.2-2-21 IS ADDED TO THE INDIANA CODE
19 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
20 UPON PASSAGE]: Sec. 21. (a) This section applies to a
21 miscellaneous participating entity that takes any of the following
22 actions on or after December 31, 2010:

23 (1) The miscellaneous participating entity determines a date:

24 (A) before which a departmental, occupational, or other
25 definable classification of employees is required or allowed
26 to participate in the fund; and

27 (B) on or after which the departmental, occupational, or
28 other definable classification of employees is not allowed to
29 participate in the fund.

30 (2) The miscellaneous participating entity determines a date:

31 (A) before which a departmental, occupational, or other
32 definable classification of employees is required to
33 participate in the fund; and

34 (B) on or after which the departmental, occupational, or
35 other definable classification of employees is allowed to
36 choose to participate in a retirement plan other than the
37 fund.

38 (3) The miscellaneous participating entity modifies its
39 employee classification scheme as of a specified date in such
40 a way that there is at least one (1) position that:

41 (A) is covered by the fund before the specified date; and

42 (B) is not covered by the fund after the specified date.



(b) The following definitions apply throughout this section:

(1) "Freeze" or "freeze participation in the fund" means to take an action described in subsection (a).

(2) "Freezing participating entity" means a miscellaneous participating entity that freezes its participation in the fund.

(c) A miscellaneous participating entity that freezes its participation in the fund after December 31, 2010, shall do the following:

(1) Provide written notice of the following to the board:

(A) The action that was taken under subsection (a) by the freezing participating entity.

(B) The effective date of the action taken under subsection (a).

(C) The employee classifications that:

(i) are covered by the fund before the effective date of the freeze; and

(ii) will not be covered by the fund on or after the effective date of the freeze.

(D) The names of the freezing participating entity's current employees and former employees as of the date on which the notice is provided.

(2) Comply with subsections (d) through (f).

(d) With respect to retired members who have creditable service with the freezing participating entity, the freezing participating entity must contribute to the fund any additional amounts that the board determines are necessary to provide for reserves with sufficient assets to pay all future benefits from the fund to those retired members. The contribution by the freezing participating entity must be made in a lump sum or in a series of payments determined by the board.

(e) With respect to members of the fund who have creditable service with the freezing participating entity and who are not employees as of the effective date on which the miscellaneous participating entity freezes its participation in the fund, the freezing participating entity must contribute the amount that the board determines is necessary to fund fully the service for those members that is attributable to service with the freezing participating entity. The contribution by the freezing participating entity must be made in a lump sum or in a series of payments determined by the board.

(f) With respect to members of the fund who are employees of the freezing participating entity on the date of the notice under



subsection (c), the freezing participating entity shall continue to contribute the amounts required under section 11 of this chapter for those employees for the duration of their employment with the freezing participating entity.

(g) The Indiana public retirement system may do any of the following to determine a miscellaneous participating entity's compliance with this section:

(1) Require reports from the miscellaneous participating entity.

(2) Audit the miscellaneous participating entity.

SECTION 6. IC 5-10.2-2-22 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22. (a) This section applies to a miscellaneous participating entity that:

(1) either:

(A) withdraws from the fund under section 20 of this chapter; or

(B) freezes its participation in the fund as described in section 21 of this chapter; and

(2) chooses thereafter to offer a retirement plan to its employees.

(b) Except as provided in subsection (c), a miscellaneous participating entity to which this section applies may offer a retirement plan to its employees only by participating in the defined contribution plan under IC 5-10.3-12.

(c) If, on July 1, 2015, a miscellaneous participating entity to which this section applies has established or is otherwise participating in a defined contribution plan other than the defined contribution plan under IC 5-10.3-12, the miscellaneous participating entity may continue to participate in the defined contribution plan in which the miscellaneous participating entity participated on July 1, 2015.

SECTION 7. IC 5-10.2-3-2, AS AMENDED BY P.L.195-2013, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Subject to IC 5-10.2-2-1.5, as used in this section, "compensation" means:

(1) the basic salary earned by and paid to the member; plus

(2) the amount that would have been a part of the basic salary earned and paid except for the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code.

(b) Except in cases where:



(1) the contribution is made on behalf of the member; or
 (2) a retired member may not make contributions during a period of reemployment as provided in IC 5-10.2-4-8(e);
 each member shall, as a condition of employment, contribute to the fund three percent (3%) of the member's compensation.

(c) Except as provided in IC 5-10.2-4-8(e), a member of a fund may make contributions to the member's annuity savings account in addition to the contributions required under subsection (b). The total amount of contributions that may be made to a member's annuity savings account with respect to a payroll period under this subsection may not exceed ten percent (10%) of the member's compensation for that payroll period. The contributions made under this subsection may be picked-up and paid by an employer as provided in subsection ~~(d)~~ (e).

(d) An employer may elect to contribute an additional one percent (1%) of a member's compensation for every two percent (2%) of the member's compensation contributed by the member under subsection (c). An employer must make the election provided by this subsection in the manner prescribed by the board.

~~(d)~~ (e) In compliance with rules adopted by the board, an employer, under Section 414(h)(2) of the Internal Revenue Code, may pick-up and pay the contributions under subsection (c), subject to approval of the board and to the board's receipt of a favorable private letter ruling from the Internal Revenue Service. The employer shall reduce the member's compensation by an amount equal to the amount of the member's contributions under subsection (c) that are picked-up by the employer. The board shall by rule establish the procedural requirements for employers to carry out the pick-up in compliance with Section 414(h)(2) of the Internal Revenue Code.

~~(e)~~ (f) A member's contributions and interest credits belong to the member and do not belong to the state or political subdivision.

SECTION 8. IC 5-10.2-4-1.2, AS AMENDED BY P.L.115-2009, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.2. (a) Each fund shall adopt a policy that requires direct deposit or another method approved by the board as the preferred way for members and beneficiaries to receive monthly benefits.

(b) A member or beneficiary who does not wish to have payments to the person deposited by direct deposit or another method approved by the board under subsection (a) may request the board or a designee of the board to grant a waiver of the requirement of direct deposit or another method approved by the board. The member or beneficiary must:



(1) state the reason to the board for requesting the waiver; and

(2) sign a waiver form.

(c) The board or a designee of the board shall grant the member's or beneficiary's request for a waiver, approval of which shall not be unreasonably denied, if any of the following apply:

(1) The member or beneficiary currently does not have a savings or checking account.

(2) The member or beneficiary is unable to establish a savings or checking account within the geographic area of the home of the member or beneficiary without payment of a service fee. In support of this reason, the member or beneficiary must submit a written statement of the inability to establish the account without the payment of a fee with the waiver request.

(3) The home of the member or beneficiary is too remote to have access to a financial institution where direct deposit or another method approved by the board may be made.

(4) The financial institution of the member or beneficiary is unable to:

(A) accept direct deposit or another method approved by the board; or

(B) process electronic withdrawal.

The member or beneficiary must submit with the waiver a written statement from the financial institution of the member or beneficiary that the financial institution is unable to accept direct deposit or another method approved by the board or process electronic withdrawal.

(5) The board determines that the facts of the particular case warrant a waiver of the requirement of direct deposit or another method approved by the board.

(d) The policy of the board must provide that a member or beneficiary who is in pay status as of July 1, 2009, and is receiving monthly benefits in a manner other than direct deposit or another method approved by the board shall not have the monthly benefits stopped for receiving monthly benefits in a manner other than direct deposit or another method approved by the board.

(e) This section expires January 1, 2016.

SECTION 9. IC 5-10.3-2-4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 4. (a) The following definitions apply throughout this section:**

(1) "Defined contribution plan" refers to the public employees' defined contribution plan established under



IC 5-10.3-12.

(2) "Eligible entity" means an entity that is eligible but not required to participate in the public employees' retirement fund.

(3) "Qualifying employee" means an employee who would be eligible under IC 5-10.3-7 to become a member of the fund, if the employee's employer were to participate in the fund.

(b) Except as otherwise provided in this section, if an eligible entity wishes to offer a retirement plan to a qualifying employee, the eligible entity must provide the retirement plan to the qualifying employee by participating in the fund or the defined contribution plan.

(c) If, on July 1, 2015, an eligible employer is providing a retirement plan other than the fund or the defined contribution plan to a departmental, occupational, or other definable classification of an eligible entity's employees, the qualifying employees in the departmental, occupational, or other classification of employees may continue to participate in the retirement plan, regardless of whether the qualifying employees in the departmental, occupational, or other definable classification begin employment with the eligible entity after June 30, 2015.

(d) An eligible entity may offer a retirement plan other than the fund or the defined contribution plan to an employee, if the employee is not a qualifying employee.

SECTION 10. IC 5-10.3-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) As used in this section, "withdrawing political subdivision" means a political subdivision that takes an action described in subsection (b).

(b) Subject to the provisions of this section, a political subdivision may do the following:

(1) Stop its participation in the fund and withdraw all of the political subdivision's employees from participation in the fund.

(2) Withdraw a departmental, an occupational, or other definable classification of employees from participation in the fund.

(3) Stop the political subdivision's participation in the fund by:

(A) selling all of the political subdivision's assets; or

(B) ceasing to exist as a political subdivision.

(c) The withdrawal of a political subdivision's participation in the fund is effective on a termination date established by the board. The termination date may not occur before all of the following have occurred:

(1) The withdrawing political subdivision has provided written



notice of the following to the board:

(A) The withdrawing political subdivision's intent to cease participation.

(B) The names of the withdrawing political subdivision's current employees and former employees as of the date on which the notice is provided.

(2) The expiration of:

(A) a ninety (90) day period following the filing of the notice with the board, for a withdrawing political subdivision that sells all of the withdrawing political subdivision's assets or that ceases to exist as a political subdivision; or

(B) a two (2) year period following the filing of the notice with the board, for all other withdrawing political subdivisions.

(3) The withdrawing political subdivision takes all actions required in subsections (d) through ~~(h)~~ (g).

(d) With respect to retired members who have creditable service with the withdrawing political subdivision, the withdrawing political subdivision must contribute to the fund any additional amounts that the board determines are necessary to provide for reserves with sufficient assets to pay all future benefits from the fund to those retired members. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments determined by the board.

(e) A member who is an employee of the political subdivision as of the date of the notice under subsection (c) is vested in the pension portion of the member's retirement benefit. The withdrawing political subdivision must contribute to the fund the amount the board determines is necessary to fund fully the vested benefit. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments determined by the board.

(f) A member who is covered by subsection (e) and who is at least sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even if the member has fewer than ten (10) years of service. The benefit for the member shall be computed under IC 5-10.2-4-4 using the member's actual years of service.

(g) With respect to members of the fund who have creditable service with the withdrawing political subdivision and who are not employees as of the date of the notice under subsection (c), the withdrawing political subdivision must contribute the amount that the board determines is necessary to fund fully the service for those members that is attributable to service with the withdrawing political subdivision. The contribution by the withdrawing political subdivision must be



made in a lump sum or in a series of payments determined by the board.

(h) The board shall evaluate each withdrawal under this section to determine if the withdrawal affects the fund's compliance with Section 401(a)(4) of the Internal Revenue Code of 1954, as in effect on September 1, 1974. The board may deny a political subdivision permission to withdraw if the denial is necessary to achieve compliance with Section 401(a)(4) of the Internal Revenue Code of 1954, as in effect on September 1, 1974.

SECTION 11. IC 5-10.3-6-8.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.2. (a) The following definitions apply throughout this section:**

(1) "Freeze" or "freeze participation in the fund" means to take an action described under subsection (b).

(2) "Freezing political subdivision" means a political subdivision that freezes its participation in the fund.

(b) Subject to the provisions of this section, a political subdivision may do the following:

(1) Determine a date:

(A) before which a departmental, occupational, or other definable classification of employees is eligible to participate in the fund; and

(B) on or after which the departmental, occupational, or other definable classification of employees is not eligible to participate in the fund.

(2) Determine a date:

(A) before which a departmental, occupational, or other definable classification of employees is required to participate in the fund; and

(B) on or after which the departmental, occupational, or other definable classification of employees is allowed to choose whether to participate in a retirement benefit system other than the fund.

(3) Modify the political subdivision's employee classification scheme as of a specified date in such a way that there is at least one (1) position that:

(A) is covered by the fund before the specified date; and

(B) is not covered by the fund on or after the specified date.

(c) A political subdivision that freezes its participation in the fund after December 31, 2010, shall do the following:

(1) Provide written notice of the following to the board:



(A) The action that was taken under subsection (b) by the freezing political subdivision.

(B) The effective date of the action taken under subsection (b).

(C) The employee classifications that:

(i) are covered by the fund before the effective date of the freeze; and

(ii) will not be covered by the fund on or after the effective date of the freeze.

(D) The names of the freezing political subdivision's current employees and former employees as of the date on which the notice is provided.

(2) Comply with subsections (d) through (f).

(d) With respect to retired members who have creditable service with the freezing political subdivision, the freezing political subdivision must contribute to the fund any additional amounts that the board determines are necessary to provide for reserves with sufficient assets to pay all future benefits from the fund to those retired members. The contribution by the freezing political subdivision must be made in a lump sum or in a series of payments determined by the board.

(e) With respect to members of the fund who have creditable service with the freezing political subdivision and who are not employees as of the effective date on which the political subdivision freezes its participation in the fund, the freezing political subdivision must contribute the amount that the board determines is necessary to fund fully the service for those members that is attributable to service with the freezing political subdivision. The contribution by the freezing political subdivision must be made in a lump sum or in a series of payments determined by the board.

(f) With respect to members of the fund who are employees of the freezing political subdivision on the date of the notice under subsection (c), the freezing political subdivision shall continue to contribute the amounts required under IC 5-10.2-2-11 for those employees for the duration of their employment with the freezing political subdivision.

(g) The Indiana public retirement system may do any of the following to determine a political subdivision's compliance with this section:

(1) Require reports from the political subdivision.

(2) Audit the political subdivision.

SECTION 12. IC 5-10.3-6-8.3 IS ADDED TO THE INDIANA



CODE AS A NEW SECTION TO READ AS FOLLOWS
[EFFECTIVE UPON PASSAGE]: **Sec. 8.3. (a) This section applies to a political subdivision that:**

(1) either:

(A) withdraws from the fund under section 8 of this chapter; or

(B) freezes its participation in the fund as described in section 8.2 of this chapter; and

(2) chooses thereafter to offer a retirement plan to its employees.

(b) Except as provided in subsection (c), a political subdivision to which this section applies may offer a retirement plan to its employees only by participating in the defined contribution plan under IC 5-10.3-12.

(c) If, on July 1, 2015, a political subdivision to which this section applies has established or is otherwise participating in a defined contribution plan other than the defined contribution plan under IC 5-10.3-12, the political subdivision may continue to participate in the defined contribution plan in which the political subdivision participated on July 1, 2015.

SECTION 13. IC 5-10.3-6.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 6.5. Participation by Political Subdivisions in the Defined Contribution Plan

Sec. 1. The following definitions apply throughout this chapter:

(1) "Account" has the meaning set forth in IC 5-10.3-12-2.

(2) "Member" has the meaning set forth in IC 5-10.3-12-12.

(3) "Plan" has the meaning set forth in IC 5-10.3-12-15.

(4) "Years of participation" has the meaning set forth in IC 5-10.3-12-16.

Sec. 2. (a) By ordinance or resolution of the governing body specifying by departmental, occupational, or other definable classification the employees who will become members of the plan, a political subdivision may become a participant in the plan if the ordinance or resolution is filed with and approved by the board.

(b) A governing body may include in its ordinance or resolution adopted under subsection (a) a determination of the date from which prior service for the governing body's employees will be computed. If a governing body does include in its ordinance or resolution a date from which prior service for the governing body's employees will be computed, an employee's years of participation



1 in the plan are increased by the employee's years of service with
 2 the political subdivision during the period beginning on the prior
 3 service credit date and ending on the effective date of participation.

4 (c) The effective date of participation is the earlier of January
 5 1 or July 1 after the date of approval.

6 Sec. 3. (a) This section applies to a third class city or a town.

7 (b) The clerk-treasurer of a city or town is that city's or town's
 8 authorized agent for all matters concerning the plan.

9 Sec. 4. The governing body may request a preliminary survey,
 10 at its expense as determined by the board, to determine the
 11 estimated cost of participation. The board and its actuary shall
 12 give an estimate of the costs, the benefits, and other appropriate
 13 information.

14 Sec. 5. After a political subdivision becomes a participant, its
 15 governing body may make appropriations, make payments, and do
 16 all things required by IC 5-10.3-12.

17 Sec. 6. The board shall maintain separate accounts for each
 18 contribution rate group. Credits and charges to these accounts
 19 shall be made as prescribed in IC 5-10.3-12.

20 Sec. 7. A school corporation shall make the appropriations and
 21 payments required of participating political subdivisions from its
 22 general fund.

23 Sec. 8. (a) If the employer or political subdivision fails to make
 24 payments required by this chapter, the amount payable may be:

- 25 (1) withheld by the auditor of state from moneys payable to
- 26 the employer or subdivision and transferred to the plan; or
- 27 (2) recovered in a suit in the circuit or superior court of the
- 28 county in which the political subdivision is located. The suit
- 29 shall be an action by the state on the relation of the board,
- 30 prosecuted by the attorney general.

31 (b) If:

- 32 (1) service credit is verified for a member who has filed an
- 33 application for retirement benefits; and
- 34 (2) the member's employer at the time the service credit was
- 35 earned has not made contributions for or on behalf of the
- 36 member for the service credit;

37 liability for the unfunded service credit shall be charged against
 38 the employer's account and collected by the fund as provided in
 39 subsection (a). Processing of a member's application for retirement
 40 benefits may not be delayed by an employer's failure to make
 41 contributions for the service credit earned by the member while
 42 the member was employed by the employer.



1 (c) If the employer or political subdivision fails to file the
 2 reports or records required by this chapter or by IC 5-10.3-7-12.5,
 3 the auditor of state shall:

4 (1) withhold the penalty described in IC 5-10.3-7-12.5 from
 5 money payable to the employer or the political subdivision;
 6 and

7 (2) transfer the penalty to the fund.

8 Sec. 9. (a) As used in this section, "withdrawing political
 9 subdivision" means a political subdivision that takes an action
 10 described in subsection (b).

11 (b) Subject to the provisions of this section, a political
 12 subdivision may do the following:

13 (1) Stop its participation in the plan and withdraw all of the
 14 political subdivision's employees from participation in the
 15 plan.

16 (2) Withdraw a departmental, an occupational, or other
 17 definable classification of employees from participation in the
 18 plan.

19 (3) Stop the political subdivision's participation in the plan
 20 by:

21 (A) selling all of the political subdivision's assets; or

22 (B) ceasing to exist as a political subdivision.

23 (c) The withdrawal of a political subdivision's participation in
 24 the plan is effective on a termination date established by the board.
 25 The termination date may not occur before all the following have
 26 occurred:

27 (1) The withdrawing political subdivision has provided
 28 written notice of the following to the board:

29 (A) The withdrawing political subdivision's intent to cease
 30 participation.

31 (B) The names of the withdrawing political subdivision's
 32 current employees and former employees as of the date on
 33 which the notice is provided.

34 (2) The expiration of:

35 (A) a ninety (90) day period following the filing of the
 36 notice with the board, for a withdrawing political
 37 subdivision that sells all of the withdrawing political
 38 subdivision's assets or that ceases to exist as a political
 39 subdivision; or

40 (B) a two (2) year period following the filing of the notice
 41 with the board, for all other withdrawing political
 42 subdivisions.



1 **(d) A member who is an employee of the political subdivision as**
 2 **of the date of the notice under subsection (c) is fully vested in all**
 3 **amounts in the member's account.**

4 SECTION 14. IC 5-10.3-7-1, AS AMENDED BY P.L.195-2013,
 5 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 UPON PASSAGE]: Sec. 1. (a) This section does not apply to:

- 7 (1) members of the general assembly; or
- 8 (2) employees covered by section 3 of this chapter.

9 **(b) As used in this section, "employees of the state" includes:**

- 10 **(1) employees of the judicial circuits whose compensation is**
 11 **paid from state funds;**
- 12 **(2) elected and appointed state officers;**
- 13 **(3) prosecuting attorneys and deputy prosecuting attorneys of**
 14 **the judicial circuits, whose compensation is paid in whole or**
 15 **in part from state funds, including participants in the**
 16 **prosecuting attorneys retirement fund established under**
 17 **IC 33-39-7;**
- 18 **(4) employees in the classified service;**
- 19 **(5) employees of any state department, institution, board,**
 20 **commission, office, agency, court, or division of state**
 21 **government receiving state appropriations and having the**
 22 **authority to certify payrolls from appropriations or from a**
 23 **trust fund held by the treasurer of state or by any**
 24 **department;**
- 25 **(6) employees of any state agency which is a body politic and**
 26 **corporate;**
- 27 **(7) except as provided under IC 5-10.5-7-4, employees of the**
 28 **board of trustees of the Indiana public retirement system;**
- 29 **(8) persons who:**
 - 30 **(A) are employed by the state;**
 - 31 **(B) have been classified as federal employees by the United**
 32 **States Secretary of Agriculture; and**
 - 33 **(C) are excluded from coverage as federal employees by**
 34 **the federal Social Security program under 42 U.S.C. 410;**
- 35 **(9) the directors and employees of county offices of family and**
 36 **children;**
- 37 **(10) employees of the center for agricultural science and**
 38 **heritage (the barn); and**
- 39 **(11) members and employees of the state lottery commission.**

40 ~~(b)~~ **(c) An employee of the state or of a participating political**
 41 **subdivision who:**

- 42 (1) became a full-time employee of the state or of a participating



political subdivision in a covered position; and
 (2) had not become a member of the fund;
 before April 1, 1988, shall on April 1, 1988, become a member of the
 fund unless the employee is excluded from membership under section
 2 of this chapter.

(c) (d) Any individual who becomes a full-time employee of the
 state or of a participating political subdivision in a covered position
 after March 31, 1988, **and before July 1, 2015**, becomes a member of
 the fund on the date the individual's employment begins unless the
 individual is excluded from membership under section 2 of this
 chapter.

(d) For the purposes of this section, "employees of the state"
 includes:

(1) employees of the judicial circuits whose compensation is paid
 from state funds;

(2) elected and appointed state officers;

(3) prosecuting attorneys and deputy prosecuting attorneys of the
 judicial circuits, whose compensation is paid in whole or in part
 from state funds; including participants in the prosecuting
 attorneys retirement fund established under IC 33-39-7;

(4) employees in the classified service;

(5) employees of any state department, institution, board,
 commission, office, agency, court, or division of state government
 receiving state appropriations and having the authority to certify
 payrolls from appropriations or from a trust fund held by the
 treasurer of state or by any department;

(6) employees of any state agency which is a body politic and
 corporate;

(7) except as provided under IC 5-10.5-7-4, employees of the
 board of trustees of the Indiana public retirement system;

(8) persons who:

(A) are employed by the state;

(B) have been classified as federal employees by the Secretary
 of Agriculture of the United States; and

(C) are excluded from coverage as federal employees by the
 federal Social Security program under 42 U.S.C. 410;

(9) the directors and employees of county offices of family and
 children;

(10) employees of the center for agricultural science and heritage
 (the barn); and

(11) members and employees of the state lottery commission.

(e) An individual:



1 **(1) who becomes a full-time employee of the state or of a**
 2 **participating political subdivision in a covered position after**
 3 **June 30, 2015;**

4 **(2) who is not excluded from membership under section 2 of**
 5 **this chapter; and**

6 **(3) who makes the election under section 1.1 of this chapter;**
 7 **becomes a member of the fund on the date the individual's**
 8 **employment begins.**

9 SECTION 15. IC 5-10.3-7-1.1 IS ADDED TO THE INDIANA
 10 CODE AS A NEW SECTION TO READ AS FOLLOWS
 11 [EFFECTIVE UPON PASSAGE]: **Sec. 1.1. (a) An individual:**

12 **(1) who becomes a full-time employee of the state (as defined**
 13 **in section 1 of this chapter) or of a participating political**
 14 **subdivision in a covered position after June 30, 2015; and**

15 **(2) who is not excluded from membership under section 2 of**
 16 **this chapter;**

17 **may elect to become a member of the fund.**

18 **(b) An election under this section:**

19 **(1) must be made in writing on a form prescribed by the**
 20 **board;**

21 **(2) must be filed with the board; and**

22 **(3) is irrevocable.**

23 **(c) An individual who:**

24 **(1) is eligible to make the election under this section; and**

25 **(2) does not make the election;**

26 **becomes a member of the plan (as defined in IC 5-10.3-12-15).**

27 SECTION 16. IC 5-10.3-7-12.5, AS AMENDED BY P.L.165-2009,
 28 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 UPON PASSAGE]: **Sec. 12.5. (a) An employer or department shall**
 30 **make the reports, membership records, or payments required by**
 31 **IC 5-10.3-6, IC 5-10.3-6.5, or by sections 10 through 12 of this**
 32 **chapter:**

33 **(1) not more than thirty (30) days after the end of the calendar**
 34 **quarter, if applicable;**

35 **(2) another due date specified in sections 10 through 12 of this**
 36 **chapter; or**

37 **(3) an alternate due date established by the rules of the board.**

38 **(b) If the employer or department does not make the reports,**
 39 **records, or payments within the time specified in subsection (a):**

40 **(1) the board may fine the employer or department one hundred**
 41 **dollars (\$100) for each additional day that the reports, records, or**
 42 **payments are late, to be withheld under IC 5-10.3-6-7 or**



1 **IC 5-10.3-6.5-8;** and

2 (2) if the employer or department is habitually late, as determined
3 by the board, the board shall report the employer or the
4 department to the auditor of state for additional withholding under
5 **IC 5-10.3-6-7 or IC 5-10.3-6.5-8.**

6 (c) After December 31, 2009, an employer or department shall
7 submit:

8 (1) the reports and records described in subsection (a) in a
9 uniform format through a secure connection over the Internet or
10 through other electronic means specified by the board in
11 accordance with IC 5-10.2-2-12.5; and

12 (2) both:

13 (A) employer contributions determined under IC 5-10.2-2-11
14 **or IC 5-10.3-12-24;** and

15 (B) contributions paid by or on behalf of a member under
16 section 9 of this chapter **or IC 5-10.3-12-23;**

17 by electronic funds transfer in accordance with IC 5-10.2-2-12.5.

18 SECTION 17. IC 5-10.3-8-14, AS AMENDED BY P.L.91-2014,
19 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20 UPON PASSAGE]: Sec. 14. (a) Except as provided in subsection ~~(c)~~;
21 **(d)**, this section applies to employees of the state ~~(as defined in~~
22 ~~IC 5-10.3-7-1(d))~~ who are:

23 (1) members of the fund; and

24 (2) paid by the auditor of state by salary warrants.

25 (b) Except as provided in subsection ~~(c)~~; **(d)**, this section does not
26 apply to the employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~
27 employed by:

28 (1) a body corporate and politic of the state created by state
29 statute; or

30 (2) a state educational institution (as defined in IC 21-7-13-32).

31 **(c) As used in this section, "employees of the state" has the**
32 **meaning set forth in IC 5-10.3-7-1.**

33 ~~(c)~~ **(d)** The chief executive officer of a body or institution described
34 in subsection (b) may elect to have this section apply to the employees
35 of the state ~~(as defined in IC 5-10.3-7-1(d))~~ employed by the body or
36 institution by submitting a written notice of the election to the director.
37 An election under this subsection is effective on the later of:

38 (1) the date the notice of the election is received by the director;

39 or

40 (2) July 1, 2013.

41 ~~(d)~~ **(e)** The board shall adopt provisions to establish a retirement
42 medical benefits account within the fund under Section 401(h) or as a



1 separate fund under another applicable section of the Internal Revenue
 2 Code for the purpose of converting unused excess accrued leave to a
 3 monetary contribution for an employee of the state to fund on a pretax
 4 basis benefits for sickness, accident, hospitalization, and medical
 5 expenses for the employee and the spouse and dependents of the
 6 employee after the employee's retirement. The state may match all or
 7 a portion of an employee's contributions to the retirement medical
 8 benefits account established under this section.

9 ~~(e)~~ **(f)** The board is the trustee of the account described in
 10 subsection ~~(d)~~; **(e)**. The account must be qualified, as determined by the
 11 Internal Revenue Service, as a separate account within the fund whose
 12 benefits are subordinate to the retirement benefits provided by the fund.

13 ~~(f)~~ **(g)** The board may adopt rules under IC 5-10.5-4-2 that it
 14 considers appropriate or necessary to implement this section after
 15 consulting with the state personnel department. The rules adopted by
 16 the board under this section must:

17 (1) be consistent with the federal and state law that applies to:

18 (A) the account described in subsection ~~(d)~~; **(e)**; and

19 (B) the fund; and

20 (2) include provisions concerning:

21 (A) the type and amount of leave that may be converted to a
 22 monetary contribution;

23 (B) the conversion formula for valuing any leave that is
 24 converted;

25 (C) the manner of employee selection of leave conversion; and

26 (D) the vesting schedule for any leave that is converted.

27 ~~(g)~~ **(h)** The board may adopt the following:

28 (1) Account provisions governing:

29 (A) the investment of amounts in the account; and

30 (B) the accounting for converted leave.

31 (2) Any other provisions that are necessary or appropriate for
 32 operation of the account.

33 ~~(h)~~ **(i)** The account described in subsection ~~(d)~~ **(e)** may be
 34 implemented only if the board has received from the Internal Revenue
 35 Service any rulings or determination letters that the board considers
 36 necessary or appropriate.

37 ~~(i)~~ **(j)** To the extent allowed by:

38 (1) the Internal Revenue Code; and

39 (2) rules adopted by:

40 (A) the board under this section; and

41 (B) the state personnel department under IC 5-10-1.1-7.5;

42 employees of the state may convert unused excess accrued leave to a



monetary contribution under this section and under IC 5-10-1.1-7.5.

SECTION 18. IC 5-10.3-12-1, AS AMENDED BY P.L.54-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Except as **otherwise** provided in ~~subsection (e)~~, **this section**, this chapter applies to **the following**:

(1) An individual who:

(A) on or after the effective date of the plan ~~(+)~~ **and before July 1, 2015**,

becomes for the first time a full-time employee of the state: ~~(as defined in IC 5-10.3-7-1(d))~~:

~~(A)~~ (i) in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

~~(B)~~ (ii) who is paid by the auditor of state by salary warrants; and

~~(2)~~ (B) makes the election described in section 20 of this chapter to become a member of the plan.

(2) An individual who:

(A) **after June 30, 2015, becomes for the first time a full-time employee of the state:**

(i) **in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and**

(ii) **who is paid by the auditor of state by salary warrants; and**

(B) **does not make the election under IC 5-10.3-7-1.1 to become a member of the fund.**

(3) An individual who:

(A) **is a full-time employee of a participating political subdivision in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7 when the individual's position becomes covered by the plan; or**

(B) **begins employment as a full-time employee of a participating political subdivision in a position that:**

(i) **would otherwise be eligible for membership in the fund under IC 5-10.3-7; and**

(ii) **is covered by the plan.**

(b) Except as provided in subsection (c), this chapter does not apply to an individual who, on or after the effective date of the plan:

(1) becomes for the first time a full-time employee of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in a position that would otherwise be eligible for membership in the fund under IC 5-10.3-7; and

(2) is employed by:

(A) a body corporate and politic of the state created by state



- 1 statute; or
 2 (B) a state educational institution (as defined in
 3 IC 21-7-13-32).
 4 (c) The chief executive officer of a body or institution described in
 5 subsection (b) may elect, by submitting a written notice of the election
 6 to the director, to have this chapter apply to individuals who, as
 7 employees of the body or institution, become for the first time full-time
 8 employees of the state ~~(as defined in IC 5-10.3-7-1(d))~~ in positions that
 9 would otherwise be eligible for membership in the fund under
 10 IC 5-10.3-7. An election under this subsection is effective on the later
 11 of:
 12 (1) the date the notice of the election is received by the director;
 13 or
 14 (2) March 1, 2013.
 15 (d) This chapter does not apply to ~~an individual who:~~ **the following:**
 16 (1) **An individual who**, before the effective date of the plan, is or
 17 was a member (as defined in IC 5-10.3-1-5) of the fund. ~~or~~
 18 (2) **An individual who:**
 19 (A) on or after the effective date of the plan **and before July**
 20 **1, 2015,**
 21 ~~(A)~~ except as provided in subsection (c), becomes for the first
 22 time a full-time employee of the state: ~~(as defined in~~
 23 ~~IC 5-10.3-7-1(d))~~;
 24 (i) in a position that would otherwise be eligible for
 25 membership in the fund under IC 5-10.3-7; and
 26 (ii) who is not paid by the auditor of state by salary warrants;
 27 or
 28 (B) does not elect to participate in the plan.
 29 (3) **An individual who:**
 30 (A) **after June 30, 2015, becomes for the first time a**
 31 **full-time employee of the state:**
 32 (i) in a position that would otherwise be eligible for
 33 membership in the fund under IC 5-10.3-7; and
 34 (ii) who is paid by the auditor of state by salary
 35 warrants; and
 36 (B) makes the election under IC 5-10.3-7-1.1 to become a
 37 member of the fund.
 38 (4) **An individual described in subsection (a)(3) who is or was**
 39 **a member of the fund as of the date when:**
 40 (A) **the individual's position with the participating political**
 41 **subdivision becomes covered by the plan, in the case of an**
 42 **individual described in subsection (a)(3)(A); or**



1 **(B) the individual begins the individual's employment with**
 2 **the participating political subdivision, in the case of an**
 3 **individual described in subsection (a)(3)(B).**

4 SECTION 19. IC 5-10.3-12-7.5 IS ADDED TO THE INDIANA
 5 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 6 [EFFECTIVE JULY 1, 2015]: **Sec. 7.5. As used in this chapter,**
 7 **"employees of the state" has the meaning set forth in IC 5-10.3-7-1.**

8 SECTION 20. IC 5-10.3-12-8, AS ADDED BY P.L.22-2011,
 9 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 UPON PASSAGE]: **Sec. 8. As used in this chapter, "employer" means**
 11 **the state or a participating political subdivision.**

12 SECTION 21. IC 5-10.3-12-12, AS ADDED BY P.L.22-2011,
 13 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 UPON PASSAGE]: **Sec. 12. As used in this chapter, "member" means**
 15 **an individual who has elected or is required to participate in the plan.**

16 SECTION 22. IC 5-10.3-12-14.5 IS ADDED TO THE INDIANA
 17 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 18 [EFFECTIVE UPON PASSAGE]: **Sec. 14.5. As used in this chapter,**
 19 **"participating political subdivision" means a political subdivision**
 20 **which is participating in the plan as specified in IC 5-10.3-6.5.**

21 SECTION 23. IC 5-10.3-12-20, AS ADDED BY P.L.22-2011,
 22 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2015]: **Sec. 20. (a) This section applies only to** an individual
 24 **who, on or after the effective date of the plan and before July 1, 2015,**
 25 **becomes for the first time a full-time employee of the state** ~~(as defined~~
 26 ~~in IC 5-10.3-7-1(d))~~ **in a position that would otherwise be eligible for**
 27 **membership in the fund under IC 5-10.3-7.**

28 **(b) An individual to whom this section applies** may elect to
 29 become a member of the plan. An election under this section:

- 30 (1) must be made in writing;
- 31 (2) must be filed with the board, on a form prescribed by the
- 32 board; and
- 33 (3) is irrevocable.

34 ~~(b)~~ **(c)** An individual who does not elect to become a member of the
 35 plan becomes a member (as defined in IC 5-10.3-1-5) of the fund.

36 SECTION 24. IC 5-10.3-12-23, AS AMENDED BY P.L.5-2014,
 37 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 UPON PASSAGE]: **Sec. 23. (a) Each member's contribution to the plan**
 39 **is equal to three percent (3%) of the member's compensation.**

40 **(b) For a member who is an employee of the state,** the state shall
 41 pay the member's contribution on behalf of ~~each the member of the~~
 42 **plan** each year.



1 **(c) For a member who is an employee of a political subdivision,**
 2 **the political subdivision or state educational institution may pay all**
 3 **or part of the member's contribution on behalf of the member.**

4 ~~(b)~~ **(d)** To the extent permitted by the Internal Revenue Code and
 5 applicable regulations, a member of the plan may make contributions
 6 to the plan in addition to the contribution required under subsection (a).
 7 IC 5-10.2-3-2(c) and IC 5-10.2-3-2(d) govern additional contributions
 8 made under this subsection.

9 ~~(e)~~ **(e)** Member contributions will be credited to the member's
 10 account as specified in IC 5-10.2-3.

11 ~~(d)~~ **(f)** Although designated as employee contributions, the
 12 contributions made under subsection ~~(a)~~ **(b)** are picked up and paid by
 13 the state as the employer in lieu of the contributions being paid by the
 14 employee in accordance with Section 414(h)(2) of the Internal Revenue
 15 Code.

16 **(g) Although designated as employee contributions, the**
 17 **contributions made under subsection (c) by a political subdivision**
 18 **or a state educational institution may be picked up and paid by the**
 19 **employer instead of the contributions being paid by the employee**
 20 **in accordance with Section 414(h)(2) of the Internal Revenue Code.**

21 **(h)** A member may not receive any amounts paid by ~~the state an~~
 22 **employer** under this section directly instead of having the amounts
 23 paid to the plan.

24 SECTION 25. IC 5-10.3-12-24, AS ADDED BY P.L.22-2011,
 25 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 UPON PASSAGE]: Sec. 24. (a) ~~The state~~ **An employer** shall make
 27 employer contributions to the plan based on the rate determined under
 28 this section.

29 (b) ~~The employer's~~ **An employer's** contribution rate for the plan
 30 shall be equal to the employer's contribution rate for the fund as
 31 determined by the board under IC 5-10.2-2-11(b). The amount credited
 32 from the employer's contribution rate to the member's account shall not
 33 be greater than the normal cost of the fund. **For a member who begins**
 34 **participation in the plan before July 1, 2015,** any amount not
 35 credited to the member's account shall be applied to the unfunded
 36 accrued liability of the fund as determined under IC 5-10.2-2-11(a)(3)
 37 and IC 5-10.2-2-11(a)(4). **For a member who begins participation in**
 38 **the plan after June 30, 2015, the employer shall pay the**
 39 **contributions described in IC 5-10.2-2-11(a)(3),**
 40 **IC 5-10.2-2-11(a)(4), and IC 5-10.2-2-11(c).**

41 (c) The state's minimum contribution under this section is equal to
 42 three percent (3%) of the compensation of all members of the plan **who**



1 **are employees of the state.**

2 (d) ~~The state~~ **An employer** shall submit the employer contributions
3 determined under this section as provided in IC 5-10.2-2-12.5.

4 SECTION 26. IC 5-10.3-12-25, AS AMENDED BY P.L.6-2012,
5 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 UPON PASSAGE]: Sec. 25. (a) Member contributions and net
7 earnings on the member contributions in the member contribution
8 subaccount belong to the member at all times and do not belong to ~~the~~
9 **state. any employer.**

10 (b) A member is vested in the employer contribution subaccount in
11 accordance with the following schedule:

12 Years of participation in the	Vested percentage of
13 plan	employer contributions
14	and earnings
15 1	20%
16 2	40%
17 3	60%
18 4	80%
19 5	100%

20 For purposes of vesting in the employer contribution subaccount, only
21 a member's full years of participation in the plan may be counted.

22 (c) The amount that a member may withdraw from the member's
23 account is limited to the vested portion of the account.

24 (d) A member who attains normal retirement age is fully vested in
25 all amounts in the member's account.

26 (e) If a member separates from service with the ~~state~~ **member's**
27 **employer** before the member is fully vested in the employer
28 contribution subaccount, the amount in the employer contribution
29 subaccount that is not vested is forfeited as of the date the member
30 separates from service.

31 (f) Amounts forfeited under subsection (e) must be used to reduce
32 the ~~state's~~ unfunded accrued liability of the fund as determined under
33 IC 5-10.2-2-11(a)(3) and IC 5-10.2-2-11(a)(4).

34 (g) A member may not earn creditable service (as defined in
35 IC 5-10.2-3-1(a)) under the plan.

36 SECTION 27. IC 5-10.3-12-31, AS ADDED BY P.L.22-2011,
37 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38 UPON PASSAGE]: Sec. 31. (a) If a member of the plan separates from
39 employment with the ~~state~~ **member's employer** and later returns to
40 **state** employment in a position covered by the plan:

41 **(1) the member resumes the member's participation in the**
42 **plan; and**



(2) the member is entitled to receive credit for the member's years of participation in the plan before the member's separation.

However, any amounts forfeited by the member under section 25(e) of this chapter may not be restored to the member's account.

(b) An individual who elected under section 20 of this chapter to become a member of the plan resumes membership in the plan upon the individual's return to state employment.

(c) An individual who (b) If a member (as defined in IC 5-10.3-1-5) of the fund separates from employment with the member's employer and later returns to employment in a position covered by the fund, did not elect to become a member of the plan individual resumes the membership member's participation in the fund.

(d) (c) An individual who returns to state employment having had an opportunity to make an election under section 20 of this chapter during an earlier period of state employment is not entitled to a second opportunity to make an election under section 20 of this chapter.

SECTION 28. IC 5-10.5-4-4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) This section applies after December 31, 2015.

(b) Members and beneficiaries of the public pension and retirement funds of the system may receive monthly benefits only by direct deposit or another method approved by the board.

SECTION 29. IC 21-38-3-3, AS AMENDED BY P.L.3-2008, SECTION 146, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. The board of trustees of Ball State University may define the duties and provide compensation for faculty and staff of the university. Subject to IC 5-10.2-2-20 and IC 5-10.2-2-21, the authority of the board under this section includes the authority to establish fringe benefit programs, including retirement benefits, that may be supplemental to, or instead of, state retirement programs for teachers or other public employees as authorized by law.

SECTION 30. IC 21-38-3-4, AS ADDED BY P.L.2-2007, SECTION 279, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The board of trustees of Indiana University may:

- (1) elect a president, the professors, and other officers for Indiana University as necessary and prescribe the duties and salaries of those positions;
- (2) employ other persons as necessary; and
- (3) subject to IC 5-10.2-2-20 and IC 5-10.2-2-21, establish



1 programs of fringe benefits and retirement benefits for Indiana
 2 University's officers, faculty, and other employees that may be
 3 supplemental to, or instead of, state retirement programs
 4 established by statute for public employees.

5 SECTION 31. IC 21-38-3-5, AS ADDED BY P.L.2-2007,
 6 SECTION 279, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE UPON PASSAGE]: Sec. 5. The board of trustees of
 8 Indiana State University may prescribe the duties and provide the
 9 compensation, including retirement and other benefits, of the faculty,
 10 administration, and employees of Indiana State University. **The**
 11 **authorization under this section to provide retirement benefits to**
 12 **the faculty, administration, and employees of Indiana State**
 13 **University is subject to IC 5-10.2-2-20 and IC 5-10.2-2-21.**

14 SECTION 32. IC 21-38-3-7, AS ADDED BY P.L.169-2007,
 15 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 UPON PASSAGE]: Sec. 7. The board of trustees of Ivy Tech
 17 Community College may do the following:

18 (1) Develop a statewide salary structure and classification system,
 19 including provisions for employee group insurance, employee
 20 benefits, and personnel policies.

21 (2) Employ the chief administrator of each region.

22 (3) Authorize the chief administrator of a region to employ the
 23 necessary personnel for the region, determine qualifications for
 24 positions, and fix compensation for positions in accordance with
 25 statewide policies established under subdivision (1).

26 **The authorizations under this section to provide for employee**
 27 **benefits and compensation are subject to IC 5-10.2-2-20 and**
 28 **IC 5-10.2-2-21.**

29 SECTION 33. IC 21-38-3-8, AS ADDED BY P.L.2-2007,
 30 SECTION 279, IS AMENDED TO READ AS FOLLOWS
 31 [EFFECTIVE UPON PASSAGE]: Sec. 8. The board of trustees of
 32 Purdue University may elect all professors and teachers, removable at
 33 the board's pleasure; fix and regulate compensations, including
 34 programs of fringe benefits and retirement benefits that may be
 35 supplemental to or in lieu of state retirement programs established by
 36 statute for public employees. **The authorization to provide**
 37 **retirement benefits under this section is subject to IC 5-10.2-2-20**
 38 **and IC 5-10.2-2-21.**

39 SECTION 34. IC 21-38-3-9, AS ADDED BY P.L.2-2007,
 40 SECTION 279, IS AMENDED TO READ AS FOLLOWS
 41 [EFFECTIVE UPON PASSAGE]: Sec. 9. The University of Southern
 42 Indiana may employ a faculty and staff for the university, define the



1 duties of the faculty and staff, and provide compensation for the faculty
2 and staff, including a program of fringe benefits and a program of
3 retirement benefits that may supplement or supersede the state
4 retirement programs established by statute for teachers or other public
5 employees. **The authorization to provide retirement benefits under**
6 **this section is subject to IC 5-10.2-2-20 and IC 5-10.2-2-21.**

7 SECTION 35. IC 21-38-3-11, AS ADDED BY P.L.2-2007,
8 SECTION 279, IS AMENDED TO READ AS FOLLOWS
9 [EFFECTIVE UPON PASSAGE]: Sec. 11. The board of trustees of
10 Vincennes University may elect and appoint persons of suitable
11 learning and talents to be president and professors of Vincennes
12 University and, **subject to IC 5-10.2-2-20 and IC 5-10.2-2-21**, agree
13 with them for their salaries and emoluments. The board of trustees shall
14 appoint a president to preside over and govern Vincennes University.

15 SECTION 36. IC 21-38-7-3, AS ADDED BY P.L.2-2007,
16 SECTION 279, IS AMENDED TO READ AS FOLLOWS
17 [EFFECTIVE UPON PASSAGE]: Sec. 3. **Subject to IC 5-10.2-2-20**
18 **and IC 5-10.2-2-21**, a state educational institution may establish a
19 retirement benefit system for the employees of the state educational
20 institution.

21 SECTION 37. **An emergency is declared for this act.**

